

Small Business Makes Wisconsin A Great Place To Live

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What makes a neighborhood, a community, a city, and a state vibrant, alive, and a great place to live? What gives a place that special flavor, what makes it unique and a good place to work and raise a family? In large part, local small businesses give a community its character, its sense of growth, and its optimism.

This is especially true in Wisconsin. The most recent data shows just how important small business is to Wisconsin families. Here, small business continues to create new jobs. According to the recently released *Small Business Profile for the States and Territories* by the Office of Advocacy of the U.S. Small Business Administration, small businesses added 36,400 net new jobs in 2004, the latest period studied.

But as they say in the infomercials, “that’s not all!” The updated profile also shows that in 2006, Wisconsin had an estimated 447,200 small businesses, of which 127,400 were employer firms. Those small businesses employed 53.9 percent of the state’s non-farm private workforce (in 2004).

Further, diversity of business ownership is bringing more of the state’s minorities and women into the economic mainstream. The data documents that Wisconsin has 5,000 Asian-owned firms, 6,700 Black-owned firms, 3,800 Hispanic-owned firms, 2,500 Native American-owned firms, and 100 Native Hawaiian and Pacific Islander-owned firms. Moreover, women-owned firms total 104,200 and generate \$17.6 billion in revenue (all in 2002, the latest year available).

The 13,371 new firms with employees in 2006 showed just how optimistic Wisconsin’s entrepreneurs are about the future. More importantly, those firms are driving the economy. Office of Advocacy research has shown that new business creation is key to the state’s ability to increase gross state product, state personal income, and total state employment.

Unfortunately, because the businesses are small and individually don't appear to be important, policy makers tend to overlook them when discussing and implementing regulatory, tax, and economic proposals. Because they are overlooked, some do not understand how their programs, rules, and regulations can harm small business.

The result is that small business faces an uneven playing field. According to Advocacy research, just complying with federal regulations costs the nation's smallest firms \$7,647 per employee each year. That is 45 percent more than the per-employee costs of their larger counterparts.

As the years have gone by, the total annual federal regulatory burden on the economy has grown to enormous proportions. Complying with all federal regulations now costs our economy \$1.1 trillion per year -- that's more per household than the cost of healthcare.

It's time to help lighten that load by streamlining and updating outdated and ineffective regulations.

The Office of Advocacy's new Regulatory Review and Reform initiative (r3) does just that. The initiative encourages small business stakeholders to identify current rules that are outdated or ineffective and recommend targeted reforms.

The result will be an annual "Top 10" list of current regulations that are ripe for reform. Advocacy will work with the relevant federal agencies to make sure they understand the impact of those current regulations on small business. In addition, we will provide them with training in how to review and reform outdated and ineffective rules.

We are calling for nominations of federal rules and regulations in need of review and reform, and we need your help to make r3 a success. Nominations are due by December 31, 2007. You can make them by visiting the r3 website at www.sba.gov/advo/r3, sending an email to advocacy@sba.gov, or calling Keith Holman at (202) 205-6936.

Small business is what makes neighborhoods, communities, and states strong. Small business creates jobs, develops innovative products and services, and brings diversity to our economy. By leveling the playing field and supporting small business with regulatory relief through the r3 initiative, we can keep our communities a great place to live for our children and grandchildren.

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